

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES	)	
OF BIRCHWOOD SEWAGE	)	
PLANT OWNER-SIMPSON	)	CASE NO. 8532
CONSTRUCTION COMPANY	)	

ORDER DENYING PETITION FOR RECONSIDERATION

On May 20, 1982, Birchwood Sewage Plant ("Birchwood") filed an application with the Commission to increase its sewer rates pursuant to 807 KAR 5:076. In its Order dated August 27, 1982, the Commission granted Birchwood an increase in its rates charged for sewer service and a customer surcharge of \$2.15 per month to be used for meeting the full debt service requirements of financing past due payables.

On September 15, 1982, Birchwood filed a petition for reconsideration of the Commission's final Order in this matter stating that the Commission failed to give proper consideration to additional utility expenses, as provided for in its revised filing of July 12, 1982, and further that the Commission should have provided an additional allowance for principal payment on authorized financing for capital additions as cash flow from the adjusted rates would, in

Birchwood's opinion, barely be adequate. <sup>1/</sup>

In its revised filing of July 12, 1982, Birchwood proposed an additional \$1,618 of fuel and purchased power expenses and an adjusted level of total operating expenses of \$48,405. The Commission in its final Order allowed a total operating expense of \$46,808, a difference of \$1,597. This difference was the disallowance of rate case expense included in the surcharge. Therefore, the Commission did fully consider the additional fuel and purchased power expenses in the determination of Birchwood's rates.

As stated in its Order of August 27, 1982, the Commission is of the opinion that principal repayment should be made from the annual depreciation charges and the profits of a utility. The adjusted level of operating revenues allowed by the Commission was more than sufficient to meet this criterion and provide Birchwood with positive cash flow from efficient operations.

Therefore, as Birchwood has filed to present any additional information which the Commission has not previously considered, the Commission is of the opinion and finds that

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<sup>1/</sup> Birchwood's petition for reconsideration was signed by the utility's Certified Public Accountant, Mr. David B. Hicks. The Kentucky Bar Association has specifically defined representation of a client or employer before a state administrative agency as the practice of law. (KBA Opinion U-27, issued October 1980.) Supreme Court Rule 3.030(1) requires that all persons practicing law in this state be members of the Kentucky Bar Association. Mr. Hicks is not a member of the bar association. The Commission will not reject the petition in this case solely to avoid prejudice to Birchwood, but advises Mr. Hicks and all other persons not members of the bar association to refrain from this practice in the future.

Birchwood's petition for reconsideration of the Commission's Order in Case No. 8532 dated August 27, 1982, should be denied.

IT IS THEREFORE ORDERED that Birchwood's petition for reconsideration be and it hereby is denied.

Done at Frankfort, Kentucky, this 5th day of October, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. York  
Chairman

Katherine Randall  
Vice Chairman

Lee Carver  
Commissioner

ATTEST:

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Secretary